

# Indian Steel Industry: June 2024 – A Trend Report

India remains a bright spot in the global steel industry and the steel demand in the country is expected to show a healthy growth of 8.2% in 2024 compared to a global growth of 1.7%, according to the latest Short Range Outlook of World Steel Association. Growth in India's construction sector is driven by government spending on infrastructure and recovery in private investment. Infrastructure investment will also support capital goods sector. Besides, healthy growth momentum is expected to continue in the automotive sector. These, in turn, will push up steel demand in the country, worldsteel said.

## WORLD ECONOMY AT A GLANCE

- The JP Morgan Global Manufacturing PMI posted 50.9 in June 2024, down slightly from May's high of 51.0. The PMI has remained above the neutral 50.0 mark, signalling improved operating conditions, for five months in a row.
- Output has now increased in each of the past six months. Upturns continued in both the consumer and intermediate goods industries, whereas production fell in the investment goods category for the second time in the past three months.
- Of the 30 nations for which June PMI data were available, 18 countries registered an increase in output during June 2024. Asia fared comparatively well, with 10 nations seeing growth located on the continent. These included high-flyers such as India, Vietnam and Thailand. The euro area remained a weak spot, with output falling (on average) for the fifteenth consecutive month.

Key Economic Figures			
Country	GDP 2023: % change*	Manufacturing PMI	
		May 2024	June 2024
India	8.2**	57.5	58.3
China	5.2	51.7	51.8
Japan	1.9	50.4	50.0
USA	2.5	51.3	51.6
Eurozone	0.5	47.3	45.8
Brazil	2.9	52.1	52.5
Russia	3.6	54.4	54.9
South Korea	2.6	51.6	52.0
Germany	-0.3	45.4	43.5
Turkey	4.5	48.4	47.9
Italy	0.9	45.6	45.7

Source: GDP: official releases; PMI- Markit Economics, \*provisional, \*\* FY 2023-24

## GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 793.211 mt in January-May 2024, registering a decline of 0.1% yoy, according to provisional data released by World Steel Association (worldsteel). In May 2024, world crude steel production was 165.107 mt, up by 1.5% compared with the same month of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	Jan-May 2024 (mt)	% yoy change
1	China	438.610	(-)1.4
2	India	<b>61.926</b>	<b>7.7</b>
3	Japan	35.674	(-)2.3
4	USA	33.374	(-)2.3
5	Russia	30.875	(-)2.5
6	South Korea	26.382	(-)6.3
7	Germany	16.173	3.7
8	Turkey	15.544	19.8
9	Iran	14.035	9.1
10	Brazil	13.560	0.6
<b>Top 10 Total</b>		<b>686.153</b>	<b>(-)0.2</b>
<b>World</b>		<b>793.211</b>	<b>(-)0.1</b>
<b>Source: worldsteel</b>			

### Major observations:

- China remained the leader in world crude steel production with an output of 438.610 mt in January-May 2024, registering a decline of 1.4% compared with the same period of 2023. The country accounted for 55.3% of world crude steel production during the period under review.
- India was the 2<sup>nd</sup> largest producer of crude steel with an output of 61.926 mt in January-May 2024, showing a yoy growth of 7.7%. The country accounted for 7.8% of world crude steel production during the period.
- Japan was the 3<sup>rd</sup> largest producer of crude steel with an output of 35.674 mt in January-May 2024, down by 2.3% compared with the same period of the previous year. Japan accounted for 4.5% of world crude steel production during the period.
- With crude steel production of 33.374 mt (down 2.3% yoy), the USA was the 4<sup>th</sup> largest producer of crude steel in January-May 2024.
- Russia's crude steel production stood at 30.875 mt (down 2.5% yoy) in January-May 2024 and the country was the 5<sup>th</sup> largest producer of crude steel.
- The top 10 countries' cumulative production in January-May 2024 stood at 686.153 mt (down 0.2% yoy) and they accounted for 86.5% of world crude steel production during the period.
- Among the top 10 steel producing countries, China, Japan, the USA, Russia and South Korea reported yoy decline in production while the others registered yoy growth in production during January-May 2024 period.
- Asian crude steel production stood at 583.891 mt in January-May 2024, showing a decline of 0.5% yoy, led primarily by China and India, with their respective shares of 75.1% and 10.6% in total Asian crude steel production during the period.

## GLOBAL DRI PRODUCTION

### India led global DRI production in January-May 2024

World DRI production stood at 50.812 mt in January-May 2024, showing a yoy growth of 7.5%, according to provisional data released by worldsteel. In May 2024, world DRI production was 11.417 mt, up by 9.8% compared with the same month of the previous year.

World DRI Production (Prov)			
Rank	Top 5	Jan-May 2024 (mt)	% yoy change
1	India	22.155	12.7
2	Iran	12.972	7.4
3	Russia	3.547	11.8
4	Saudi Arabia	2.881	0.7
5	Egypt	2.717	(-)2.4
<b>Top 5 Total</b>		<b>44.272</b>	<b>9.1</b>
<b>World</b>		<b>50.812</b>	<b>7.5</b>
Source: worldsteel			

### Major observations:

- India remained the leader in world DRI production with an output of 22.155 mt (up 12.7% yoy) in January-May 2024. The country accounted for 43.6% of world DRI production during the period under review.
- Iran was the 2<sup>nd</sup> largest producer of DRI with an output of 12.972 mt in January-May 2024 (up by 7.4% yoy). It accounted for 25.5% of world DRI production during the period under review.
- Russia ranked third in terms of DRI production with an output of 3.547 mt (up 11.8% yoy) in January-May 2024. The country accounted for 7% of world DRI production during the period.
- The top 5 countries accounted for 87.1% of total world DRI production in January-May 2024 with a cumulative output of 44.272 mt, up by 9.1% yoy.

## WORLD STEEL PRICE TRENDS

Global steel prices generally witnessed a declining trend in June 2024 with prices going down in all the major steel markets compared with the previous month, due to a combination of local and global issues. Prices of most of the finished steel products saw month-on-month decline in India, China, the USA and the European Union. On a year-on-year basis, however, prices of a few products saw an uptick in India while they came down elsewhere compared with the same month of the previous year. Going forward, the movement of global steel prices will be contingent upon how the following issues pan out.

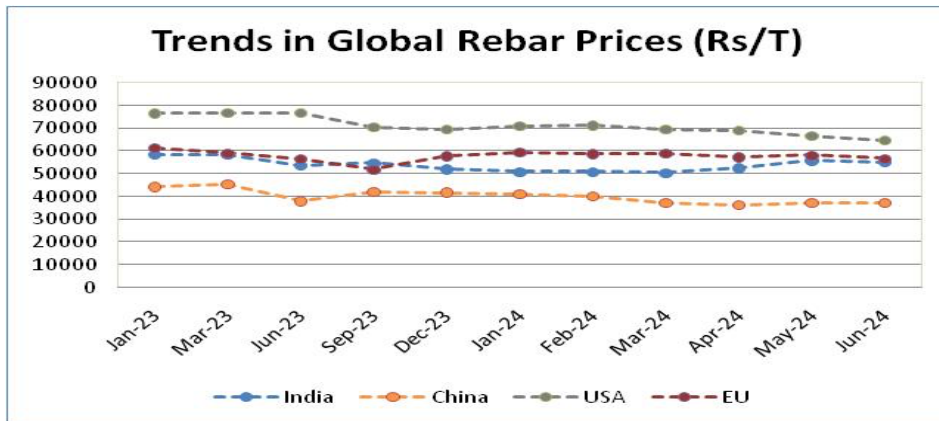
- a) *Global growth*: The world's economic outlook is perking up as growth proves more resilient and inflation set to cool faster than previously expected in many countries, according to

OECD. Risks are becoming better balanced, it said, while raising 2024 global growth forecast to 3.1% from 2.9%.

- b) *China factor*: There is a prevailing pessimism in macroeconomic sentiment in China. Combined with moderate demand for ferrous materials, this has considerably undermined market confidence in future demand. Additionally, recent weather conditions and building material transactions suggest that short-term steel consumption is likely to remain sluggish in the country.
- c) *Outlook for euro zone*: The outlook for the European steel market in 2024 continues to lose momentum amidst persisting challenging conditions. Downside factors such as worsening geopolitical tensions, coupled with growing economic uncertainty, high energy prices, inflation, interest rates have further impacted demand prospects.
- d) *WSA forecast*: The World Steel Association in its Short Range Outlook (SRO), released in April 2024, has forecast a 1.7% growth in steel demand in 2024 and a further 1.2% growth in 2025. India is considered to be a major driver for domestic steel demand growth with an expected 8.2% rise in steel demand in both 2024 and 2025, while for China, the SRO predicts a zero growth in 2024, followed by a 1% contraction in 2025 compared with the previous year.
- e) Prices of raw material like iron ore, coking coal and steel scrap, which remain volatile over the last few months, will play a major role in steel price movements.

**Long Products**

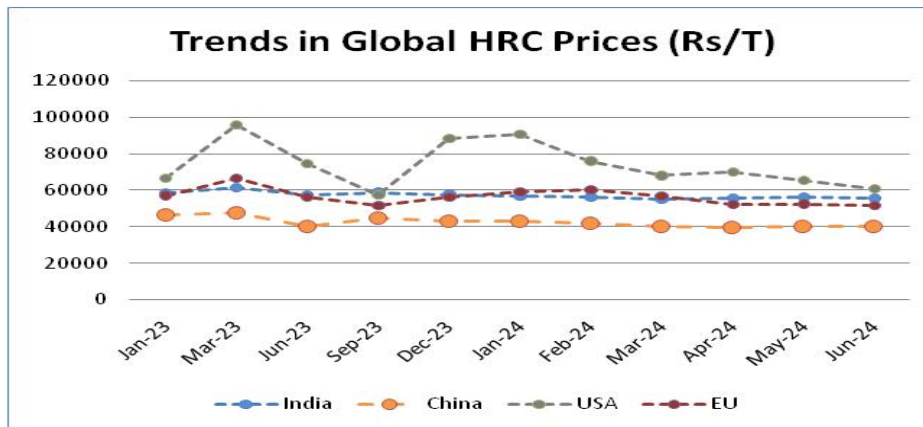
- Rebar / TMT prices have seen fluctuations in all the major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact.
- Prices have come down month-on-month in June 2024 in all the major steel markets like India, China, the USA and the European Union. On a year-on-year basis, prices in June 2024 were down in China and the USA, but were up in India and marginally in the European Union.
- Indian domestic rebar prices dropped in the month as producers lowered offers on lukewarm downstream demand in view of the upcoming monsoon season.
- Rising steel market inventories and sluggish domestic demand continued to weigh on Chinese steel prices. Growth of rebar inventories, however, has been relatively smaller, mainly due to already slumped production. But poor construction demand still pushed prices down faster than flat steel prices.
- US domestic rebar prices started to fall as domestic mills were getting ahead of falling June scrap prices.



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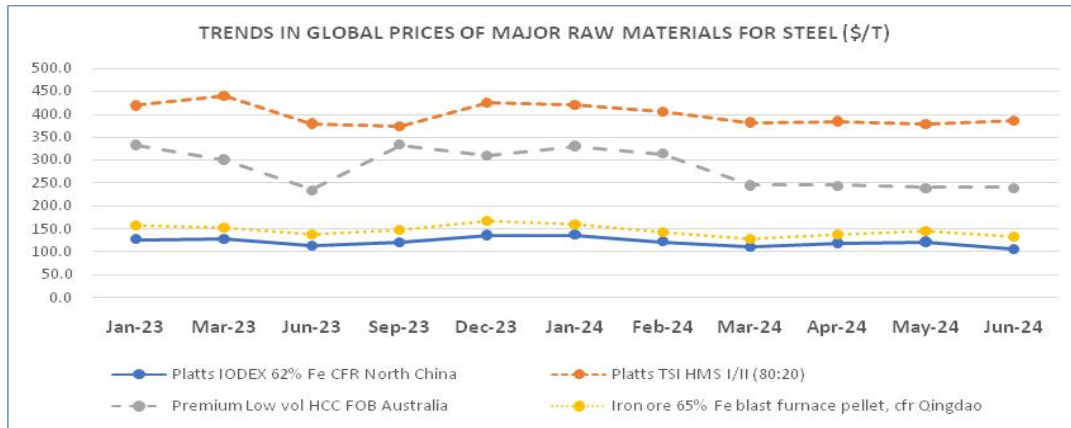
## Flat Products

- As in case of rebar, HRC prices have also seen fluctuations in major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact.
- Prices have come down in June 2024 month-on-month in all the major steel markets like India, China, the USA and the European Union. On a year-on-year basis, HRC prices in June 2024 are down in all the markets under consideration here compared with June 2023.
- China's steel prices have continued to fall after the end of Dragon Boat Festival on June 10 due to the pessimistic outlook for domestic steel demand. The weakness has persisted in both consumption and investment sectors in China which makes the market believe that steel end-used demand is likely to fall faster than steel output. Meanwhile, Indian HRC prices remained range-bound on subdued demand.
- Domestic HRC prices in the USA inched lower as market sources anticipated further price erosion, pointing to a weakening scrap pricing environment as well as lower spot offers from domestic mills. Meanwhile, trading activity in the European HRC market remained muted with sources commenting that the summer slowdown started several weeks too early.



## RAW MATERIAL SCENARIO

Prices of major raw materials for steel making – IODEX 62% Fe CFR North China and Iron ore 65% Fe blast furnace pellet – have come down in June 2024 compared with the previous month. However, prices of TSI HMS I/II (80:20) have gone up during the month under review while prices of premium low volume HCC FOB Australia have maintained status quo.



[Source Credit: Fastmarkets Metal Bulletin, Platts, JPC (India news)]

## NEWS AROUND THE GLOBE

- China is planning to reduce over 2% energy consumption per tonne of steel by 2025, as the country looks to enhance energy efficiency and reduce carbon emissions. The plan outlined specific measures aimed at achieving the target by 2025, including prohibition on adding steel production capacity, casting, iron alloys, and similar activities.
- EU member states approved the European Commission's proposal to extend the bloc's steel safeguard measures, with a clean majority.
- There could be shortage of 1.63 million mt of steel under the new version of the EU's safeguard measures, Italian association of ferrous metals trading and distribution companies Assofermet said in a statement.
- Tata Steel Nederland has given contracts to Danieli and Tenova for the basic engineering at its Ijmuiden site of a new direct reduced plant, new electric arc furnace and other facilities.
- Russian mining and steel company Severstal said that in response to growing domestic demand for high-strength steels it started a project to increase capacity for thermally treated heavy plates by adding a chamber furnace.
- Turkish steelmaker Tosyali Holding's Algerian subsidiary Tosyali Algerie has started a new flat steel facility in Oran, Algeria. The new mill was expected to produce 2 million mt/year of hot-rolled coil when fully operational.
- Japan's Honwa Co said that it has completed its acquisition of a 15% stake in Indonesian electric arc furnace-based steel maker Nusantara Baja Profit, as part of a joint acquisition of the mill with Japan's Yamato Kogyo.
- Ukraine's Interpipe was seeking up to \$1 billion in financing for a project to expand its steelmaking capacity and develop production of green steel.
- Industry association UK Steel has written an election manifesto, ahead of the UK's general election, setting out a comprehensive strategy to put steel at the centre of the political conversation, outlining the key issues and the policies needed to boost the sector's competitiveness.
- The Court of Justice of the European Union ruled that the operation of the ILva Steelworks, now known as Acciaierie d'Italia (ADI), in Taranto, southern Italy must be suspended if it poses serious and significant threats to the environment and human health.

- Brazilian steel distributors' flat products purchases and sales in the domestic market fell in May due to disruption caused by severe flooding in Rio Grande do Sul state in the south of Brazil. A small upturn is seen for the month of June as flooding eases in some parts of the state.
- The sale of Liberty Steel's Czech Ostrava iron and steel works has garnered interest from a number of parties, mostly local but including Indian company Jindal Steel, a delegation from which showed up at the mill in May.

## INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-May 2024, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-May 2024. It is to be noted that total finished steel includes both non-alloy and alloy (including stainless steel) and all comparisons are made with regard to same period of last year.

Item	Performance of Indian steel industry		
	April-May 2024* (mt)	April-May 2023* (mt)	% change*
Crude Steel Production	24.348	23.443	3.9
Hot Metal Production	14.233	14.163	0.5
Pig Iron Production	1.220	1.189	2.6
Sponge Iron Production	8.804	8.315	5.9
<b>Total Finished Steel (alloy/stainless + non-alloy)</b>			
Production	23.711	22.369	6.0
Import	1.307	0.951	37.4
Export	0.935	1.548	-39.6
Consumption	23.411	20.751	12.8
Source: JPC; *provisional; mt=million tonnes			

### Overall Production

- **Crude Steel:** Production at 24.348 million tonnes (mt), up by 3.9%.
- **Hot Metal:** Production at 14.233 mt, up by 0.5%.
- **Pig Iron:** Production at 1.220 mt, up by 2.6%.
- **Sponge Iron:** Production at 8.804 mt, up by 5.9%, led by coal-based route (83% share).
- **Total Finished Steel:** Production at 23.711 mt, up by 6.0%.

### Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 13.862 mt (57% share) during this period, down by 0.2%. The rest (10.486 mt) came from the Other Producers, up by 9.8%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 12.919 mt (91% share) down by 1.8%. The rest (1.314 mt) came from the Other Producers, up by 29.9%.

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- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 0.285 mt (23% share) down by 24.8%. The rest (0.934 mt) came from the Other Producers, up by 15.4%.
  - **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 12.630 mt (53% share) up by 2.0%. The rest (11.081 mt) came from the Other Producers, up by 10.9%.

#### Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 84% share, the Private Sector (20.501 mt, up by 4.0%) led crude steel production compared to the 16% contribution of the PSUs (up by 3.0%).
- **Hot Metal:** With 70% share, the Private Sector (10.024 mt, down by 0.9%) led hot metal production, compared to the 30% contribution of the PSUs (up by 4.0%).
- **Pig Iron:** With 87% share, the Private Sector (1.063 mt, down by 2.6%) led pig iron production, compared to the 13% contribution of the PSUs (up by 61.2%).
- **Total Finished Steel:** With 88% share, the Private Sector (20.766 mt, up by 7.5%) led production of total finished steel, compared to the 12% contribution of the PSUs (down by 3.4%).

#### Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 56% share (up by 6.4%), the rest 44% was the share of flats (up by 5.5%).
- **Import:** Flat products accounted for 95% share (up by 41.5%), the rest 5% was the share of non-flats (down by 8.9%).
- **Export:** Flat products accounted for 87% share (down by 42.3%), the rest 13% was the share of non-flats (down by 11.0%).
- **Consumption:** Led by Non-flat steel (55% share; up by 8.7%) while the rest 45% was the share of flat steel (up by 18.3%).

#### Finished Steel Production Trends

- At 23.711 mt, production of total finished steel was up by 6.0%.
- Contribution of the non-alloy steel segment stood at 21.834 mt (92% share, up by 4.1%), while the rest was the contribution of the alloy steel segment (including stainless steel).
- In the non-alloy, non-flat segment, in volume terms, major contributor to production of total finished steel was Bars & Rods (10.284 mt, up by 7.0%) while growth in the non-alloy, flat segment was led by HRC (8.597 mt, down by 0.05%) during this period.

#### Finished Steel Export Trends

- Overall exports of total finished steel at 0.935 mt, down by 39.6%.
- Volume wise, HR Coil/Strip (0.255 mt) was the item most exported (27% share in total finished steel).
- Italy (0.219 mt) was the largest export market for India.



## Finished Steel Import Trends

- Overall imports of total finished steel at 1.307 mt, up by 37.4%.
- India was a net importer of total finished steel in April-May 2024-25.
- Volume wise, HR Coil/Strip (0.489 mt, up by 85.5%) was the item most imported (37% share in total finished steel).
- Japan (0.407 mt) was the largest import market for India (31% share in total).

## Finished Steel Consumption Trends

- At 23.411 mt, consumption of total finished steel was up by 12.8%.
- Contribution of the non-alloy steel segment stood at 21.259 mt (91% share, up by 11.0%), while the rest was the contribution of the alloy steel segment (including stainless steel).
- In the non-alloy, non-flat segment, in volume terms, major contributor to consumption of total finished steel was Bars & Rods (9.857 mt, up by 7.6%) while growth in the non-alloy, flat segment was led by HRC (8.482 mt, up by 12.5%) during this period.



## INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

**GDP:** As per provisional estimates of the Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation, Real Gross Domestic Product (GDP) at Constant (2011-12) Prices in Q4 2023-24 is estimated to have attained a level of ₹47.24 lakh crore, as against ₹43.84 lakh crore in Q4 2022-23, showing a growth of 7.8 per cent. All the sectors reported positive growth during the quarter under review, with the *Manufacturing sector* reporting the highest growth of 8.9% and the *Agriculture, Livestock, Forestry & Fishing* reporting the lowest growth of 0.6%.

**Industrial Production:** Provisional CSO data show that the overall Index of Industrial Production (IIP) for April-May 2024-25 rose by 5.4% over the same period of the previous fiscal, encouraged by similar high levels of growth trends noted for the various sectors/sub-sectors.

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**Infrastructure Growth:** Provisional data released by the DPIIT indicate that the Index for the Eight Core Infrastructure Industries saw a growth of 6.5% during April-May 2024-25. Out of eight sectors covered in this survey, only two sectors – Fertilizers and Cement – reported contractions while the remaining six sectors registered positive growth during the period. The Electricity sector reported the highest growth of 11.6% during the period.

**Inflation:** The rate of inflation based on Consumer Price Index stood at 5.08% and that on Wholesale Price Index stood at 3.36% in June 2024. Both CPI and WPI inflations went up compared with the previous month.

**Prepared by: Joint Plant Committee**